

'Prosperity Did Not Depend' On Continued Hostilities

Looking back over those days late in 1965, I thought that if I had it to do over again I would not have changed much. I would have made the same decision to recommend a guns-and-butter budget to the Congress, and I still would have ignored the counsel of those who called for a breathing spell in the enactment of new legislation. Nothing in the intervening years has changed my mind on those two points.*

The guns-and-butter policy created several problems—particularly, a tendency to heat up the economy. Clearly the increase in defense spending for Vietnam subjected the economy to the strains of inflation, and this situation was sharply intensified by the failure of the Congress to move promptly on the tax bill. But against this fact was another important consideration: The percentage of our gross national product devoted to defense spending, including all the costs of Vietnam, ranged from 8 to 10 per cent, compared with 13 per cent during the Korean War and around 10 per cent during the peacetime years of the mid-1950s.

What was clear above all was that our sustained prosperity did not de-

pend on the continuation of hostilities; the costs of conflict were an additional burden, not a supporting foundation, and in my judgment they were not an inhibiting factor on our domestic programs. I remained convinced that we had the resources to meet our commitments abroad while we continued economic and social reforms at home.

I was never convinced that Congress would have voted appreciably more funds for domestic programs if there had been no struggle in Southeast Asia. If we had succeeded in stilling the guns in Vietnam, as we tried so desperately to do, I believe that many Congressmen would have demanded tax reductions rather than providing increased funds for the beleaguered cities.

Some of those who were most vocal in 1965 in calling for a legislative breathing spell were the very ones who were to call for a \$100 billion "Marshall Plan" to rebuild our decaying cities several years later. Had we listened to their advice in 1965, we would not even have made a start in such programs as Model Cities, urban housing, the eradication of rats, and mass transportation.